

LC Companies
35 Research Dr., Ste. 300
Ann Arbor, MI 4810

Wednesday, February 24, 2016

The Honorable Chris Affendoulis
PO Box 30014
Lansing, MI 48909

RE: HB 5232

Dear Representative Affendoulis,

I would have been in attendance today, but for the weather. As a real estate developer in the state of Michigan, I am writing to express my concerns regarding HB 5232. This will have a severe negative impact on redevelopment of our core communities in Michigan.

My company has successfully redeveloped close to 500,000 square feet of historic buildings in Michigan over the past five years, including 2 buildings totaling 250,000 square feet in the City of Grand Rapids. Like many urban redevelopments, these projects were made feasible through the use of the Federal Historic Tax Credit. The ramifications of this bill are numerous and devastating. I hope the negative consequences are unintentional rather than the goal of the sponsor. As it is currently written, I believe federal historic tax credits in Michigan will become worthless, given the questionable future existence of any current historic district. Perhaps further research into what the specific goals of the sponsor are, would reveal a more productive path towards resolution.

Local historic districts in our state provide a tremendous economic benefit to community in which they reside. The value of the properties within those districts is increased as a direct result of its designation as a historic district. This is a proven fact rather than the kneejerk reaction that this designation could be seen as some form of a "taking." I believe much case law exists to support this position. In fact, I would argue that this legislation could be taking away the protection of the value of neighboring property. The legislation would make it nearly impossible for communities to use this valuable tool in the future. It places such a heavy burden on the local governments that if this bill were to pass rarely would communities be able to meet the burdens of this legislation to create new local historic districts.

My company has invested over \$140 million dollars in the rehabilitation of historic properties across Michigan. This development has been the direct result of federal historic tax credits which require adherence to the Secretary of Interior guidelines for historic properties. HB 5232 threatens these tax credits by allowing communities to choose their own set of standards for historic properties. By creating an inconsistent standard throughout Michigan, investors will cease to invest in Michigan.

I strongly urge you to reconsider this legislation and learn more about this system that is responsible for so much important work in our struggling state. Michigan's cities are on the road to recovery, this legislation could hinder that progress.

Sincerely,



Bob Jacobson, President
LC Companies